

**Multifamily Rental Housing for Moderate-Income Families
(Section 221(d)(3) and (4))**

Mortgage insurance to finance rental or cooperative multifamily housing for moderate-income households, including projects designated for the elderly. Section 221(d)(3) and (4) are HUD's major insurance programs for new construction or substantially rehabilitated multifamily rental housing.

Nature of Program: FHA insures mortgages made by private lending institutions to help finance construction or substantial rehabilitation of multifamily (five or more units) rental or cooperative housing for moderate-income or displaced families. Projects in both cases may consist of detached, semi-detached, row, walk-up, or elevator structures. SRO projects may consist of units that do not contain a complete kitchen or bath.

Currently, the principal difference between the programs is that HUD may insure up to 100 percent of replacement costs in the case of new construction under Section 221(d)(3) for public, nonprofit and cooperative mortgagors, but only up to 90 percent under Section 221(d)(4), irrespective of the type of mortgagor. Beginning in Fiscal Year 2013, HUD suspended the Section 221(d)(3) program unless the project to be financed also receives Low Income Housing Tax Credits (LIHTC).

Applicant Eligibility: Section 221(d)(3) is available to public, nonprofit, and cooperative mortgagors. Section 221(d)(4) mortgages are available to profit-motivated sponsors.

Legal Authority: Section 221 of the National Housing Act (12 U.S.C. 17151). Regulations are at 24 CFR part 200, subpart A, and part 221, subparts C and D.

Administering Office: Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410.

Information Sources: Administering office.

On the Web: www.hud.gov/offices/hsg/mfh/progdsc/rentcoop/hsg221d3n4.cfm

Current Status: Active.